



European
eic **INNOVATION**
Council

EMPOWERING EUROPEAN INNOVATORS

**EU funding
for innovation**

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What's holding back European innovation

Innovation performance

Lack of **breakthrough and disruptive innovations** that create new markets

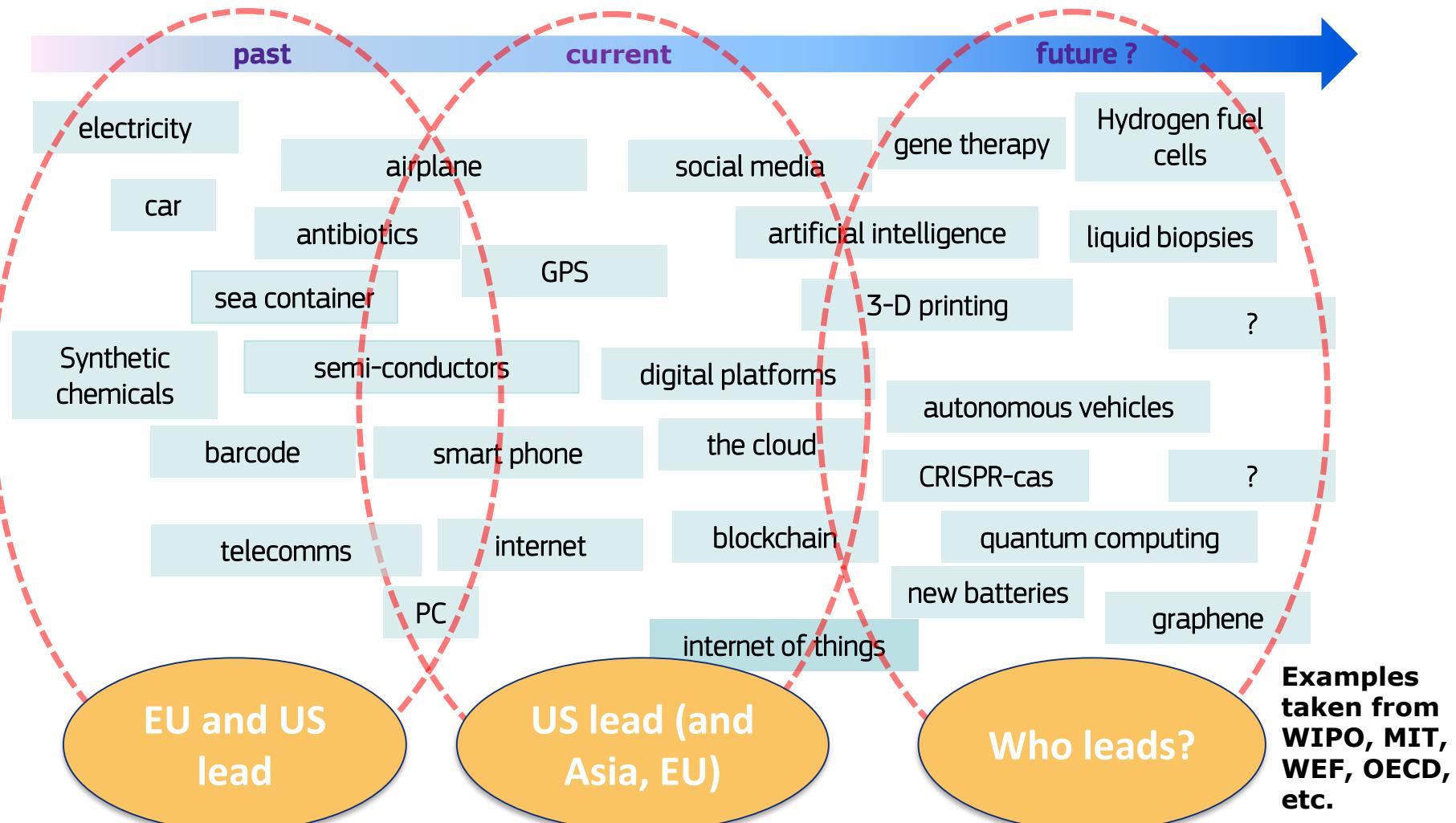
Innovation funding

Financing gap between R&D grants and private investment **for scaling up** innovative start-ups

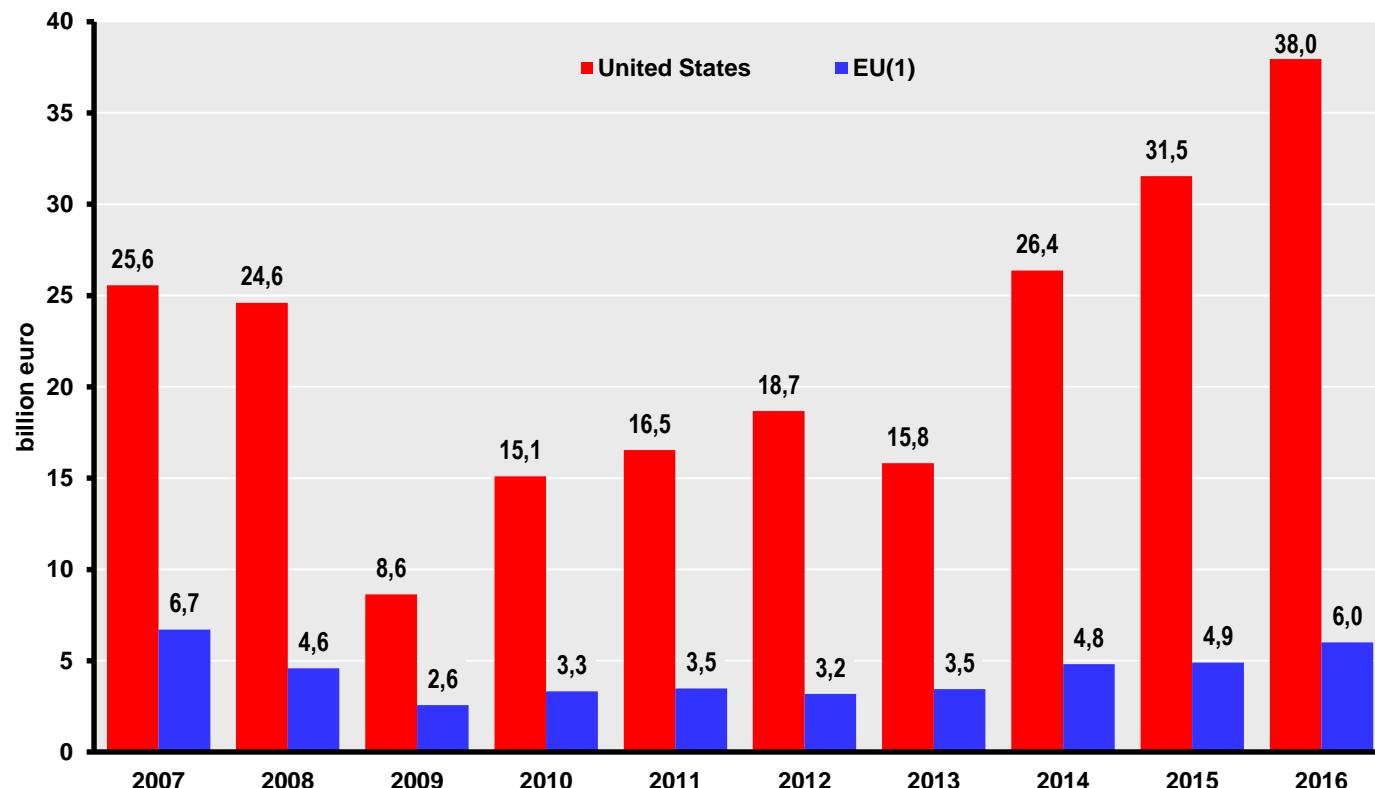
Innovation ecosystem

Many national & local ecosystems, but **fragmented at European level**

Who will lead the next wave of breakthrough and disruptive innovation?



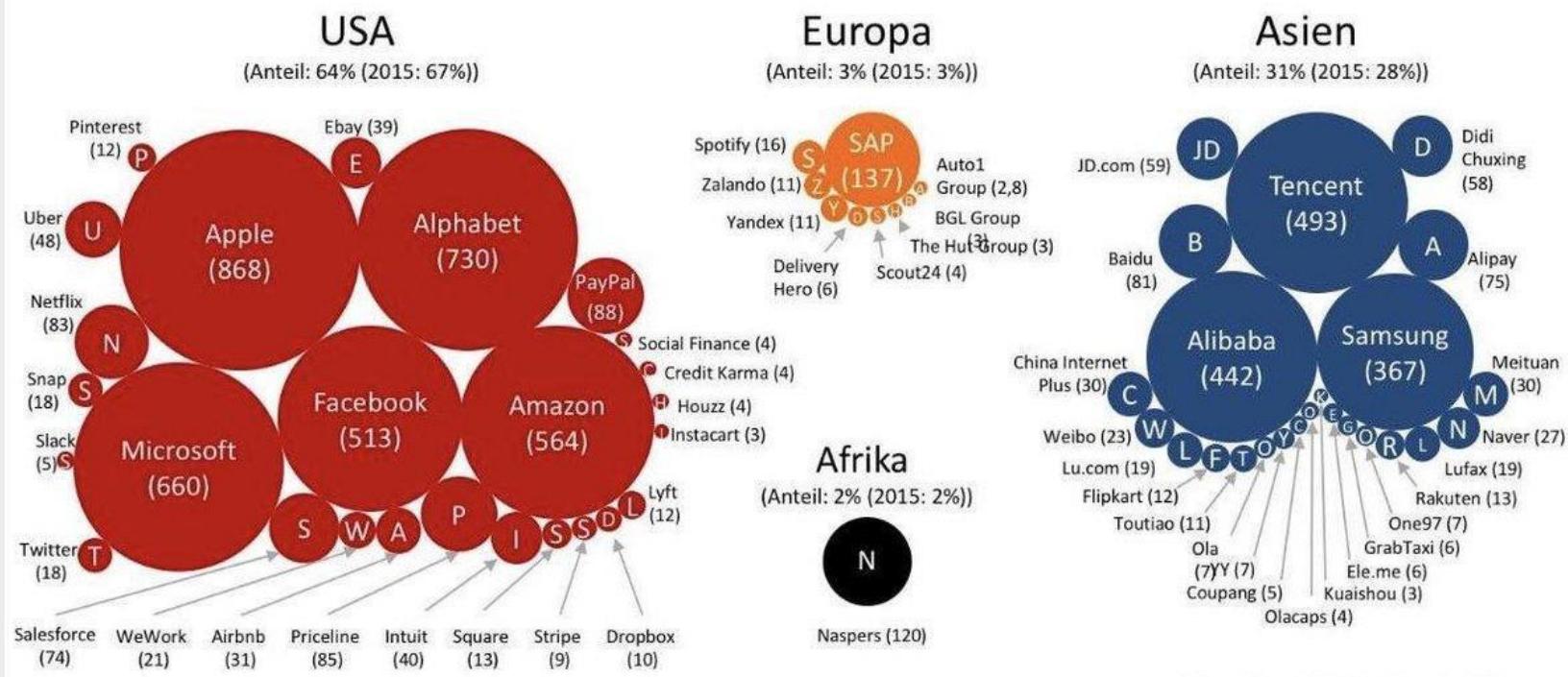
Financing gap: venture capital US vs EU



Venture capital raised. Data: Invest Europe, NVCA / Pitchbook. (1) EU does not include HR, CY, MT, SI, SK.

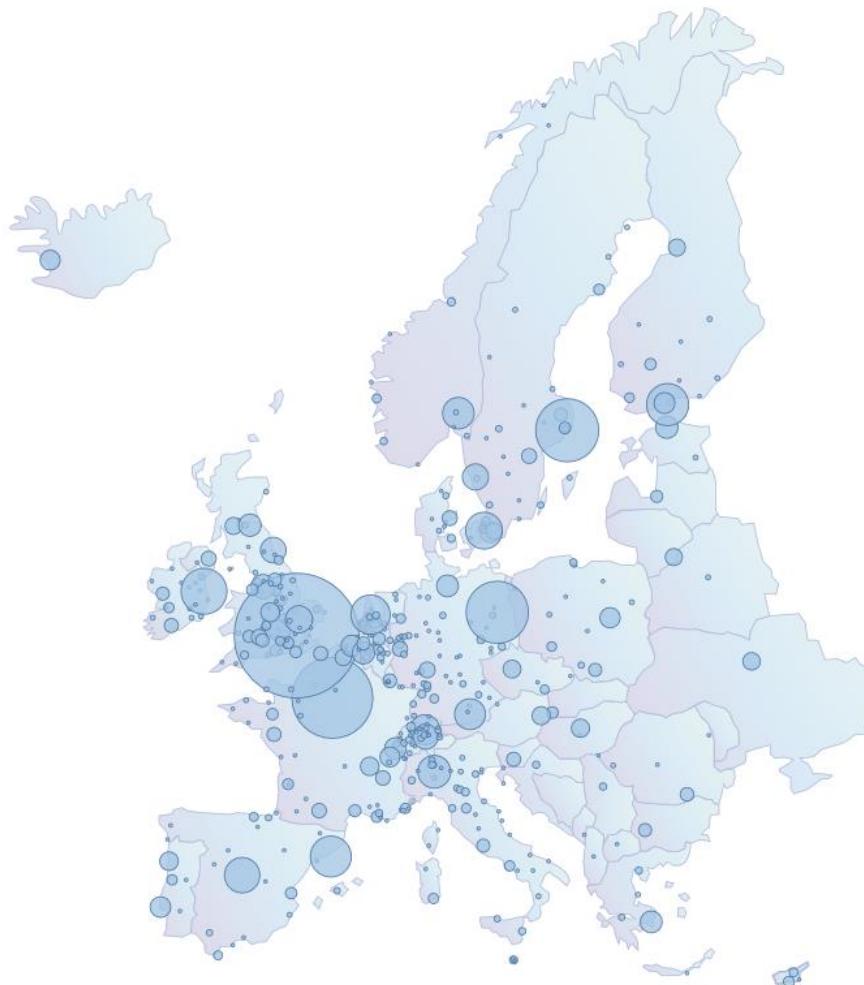
Global Fast-growing Innovative Companies")

Die 60 wertvollsten Plattformen der Welt (Mrd. Dollar (Börsenwert; jüngste Finanzierung / Stand 31. Dezember 2017))



Quelle: Netzeconom.de / Idee: Peter Evans

European tech ecosystems are rich but can only reach their full potential if better interconnected



Map of the 476 European cities with at least one scale-up company, Startup Europe "Startup City Hubs in Europe" 2018 report

The European Innovation Council

One stop shop for breakthrough & disruptive innovators

Open to all innovators, in any field, at any time

Highest potential innovators selected on basis of ideas and team

Agile funding from idea to investment

Pathfinder grants for advanced research on emerging technologies

Accelerator funding for innovative start-ups (<€2.5 million grant, <€15 million equity)

Crowding in private investment (VC, Invest EU)

Building ecosystems and communities

Access to mentoring and advisory services and to knowledge partners (e.g EIT)

Expert Programme Managers to engage with projects and communities

Prizes for breakthrough technologies



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The EIC story

"Europe does not yet have a world class scheme to support the very best innovations in the way that the European Research Council is the global reference for supporting excellent science. So I would like us to take stock of the various schemes to support innovation and SMEs under Horizon 2020, to look at best practice internationally, and to design a new European Innovation Council."

Carlos Moedas, European Commissioner for Science & Innovation, June 2015.

Research and
Innovation



Designed together with leading innovators

Accelerating breakthrough innovation report, January 2018



Nicklas Bergman



Martin Bruncko



Paddy Cosgrave



Gráinne Dwyer



Hermann Hauser



Marjolein Helder



Taavet Hinrikus



Ingmar Hoerr



Bindi Karia



Jana Kolar



Carlos Oliveira



Jim Hagemann Snabe



Kinga Stanislawska



Constantijn
van Oranje



Roxanne Varza

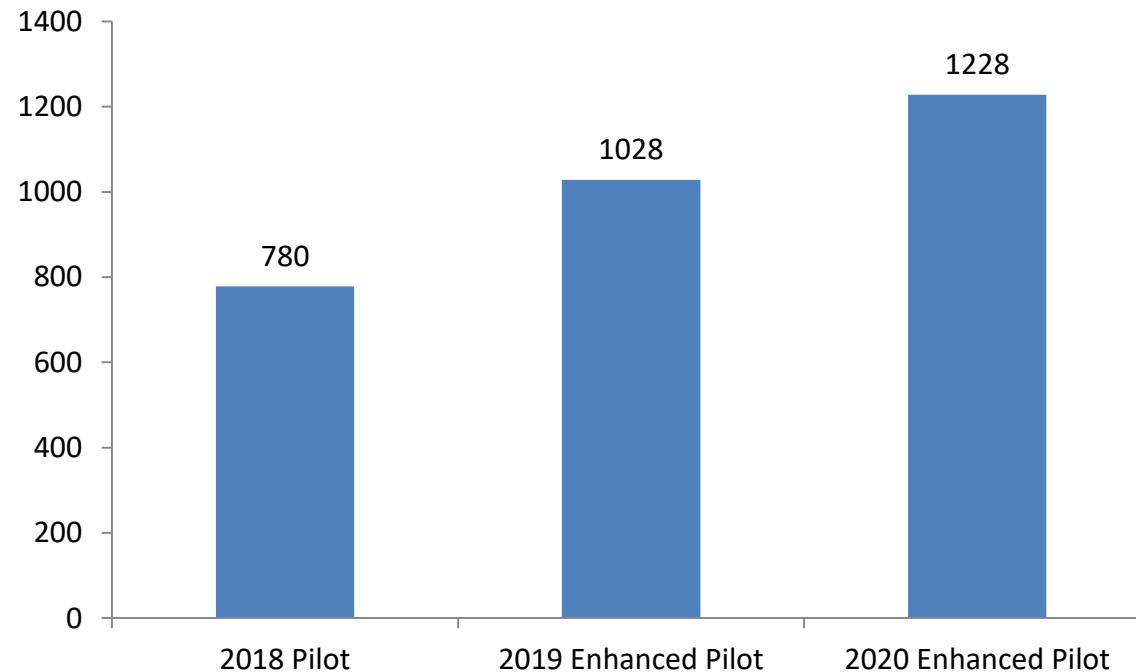
Supported by EU leaders

"We will only succeed if we are the ones creating, developing and producing new technologies. That is why we need: a strong EU commitment to disruptive innovation within the framework of the European Innovation Council (EIC). The goal is to support very high risk deep tech projects at the European level"

A Franco-German Manifesto for a European industrial policy fit for the 21st Century, February 2019



Tested under Horizon 2020, fully incorporated in Horizon Europe



First phase launched in 2018

- ✓ Bringing together relevant Horizon 2020 schemes in one place (*SME instrument, Fast Track to Innovation, FET Open, Prizes*)
 - ✓ Introduction of open support for Start-ups and SMEs (no predefined themes)
 - ✓ Introduction of interviews with experienced innovators to select SMEs for funding
 - ✓ Launch of major prizes for breakthrough innovations, e.g low cost space launcher (€10 million prize); artificial photosynthesis (€5 million prize)
-
- ⇒ 6000 applications received by start-ups or SMEs (*for SME phase 2 grants*)
 - ⇒ Majority combining different fields: *digital, energy, manufacturing, health, etc.*
 - ⇒ 520 interviewed & 250 awarded funding (*budget €450 million*)
 - ⇒ Fast process (*grant awarded in under 4 months*)
 - ⇒ Total budget in 2018 of €780 million *for all EIC pilot actions*

Second phase launched in 2019

- ✓ **Increased budget of €2.2 billion** (€1.0bn in 2019; €1.2bn in 2020)
- ✓ **Introduction of pilot accelerator** with option to apply for blended finance (combined grant and equity)
- ✓ **Introduction of pilot pathfinder**, with 6 strategic emerging technologies targeted (human-centric AI, novel medical devices, zero-emission energy generation, etc)
- ✓ **New EIC Advisory Board** to bring in leading innovators for ongoing design & implementation
- ✓ **First EIC programme managers** recruited to actively engage with pathfinder projects

€3 billion-pilot package to support bottom-up ideas

PATHFINDER Pilot

€ 845 million
400 projects

FET OPEN + FET Proactive
Future and Emerging Technologies
(grant-only)

Visionary idea for developing radical and innovative technologies

ACCELERATOR Pilot

€ 2,100 million
XXXX projects

SME Instrument Phase 2 / Fast Track to Innovation (FTI)
(grant-only)

OR

Blended finance
(grant + equity)

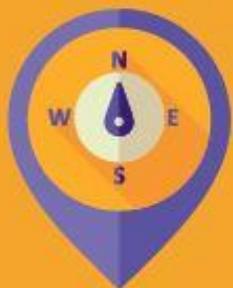
Radically new, highly risky ideas commercially viable and with a potential to scale up

Coaching, mentoring and business acceleration services for all SMEs

EIC Horizon Prizes + Support actions
€50 million

The Pathfinder Pilot

Pathfinder



> supports future and emerging breakthrough technologies with a **one-off grant**



> a project can apply for Accelerator funding **as it matures**

The Accelerator Pilot

Accelerator



- > provides **blended finance** (grants plus loan/equity) of up to €15 million or more

- > **bridges the financing gap** between late-stage innovation activities and market take-up

Accelerator Pilot-SME Instrument

Grant-only

- **Individual SMEs** targeting new markets **with high-risk, high-growth potential**
- **Substantial funding** for the last stages of development
- **Bottom-up:** all sectors, products, services, new business models
- **€0.5-€2.5 million** (funding rate 70%)
- Activities from testing to commercialisation
- **12-24 months**
- Highly competitive

Accelerator-SME Instrument

Blended (Grant + equity)

- **Individual SMEs** targeting new markets **with high-risk, high-growth potential**
- **Substantial funding** for the last stages of development
- **Bottom-up:** all sectors, products, services, new business models
- **Grant €0.5-€2.5 million** (funding rate 70%)
 - *All activities, including commercialisation*
 - **12-24 months**
- **Equity up to €15 million**
 - *Activities above TRL 8*

Accelerator Pilot (SME Instrument)

General process



Accelerator Pilot

Novelties (grant and blended)

- Application
 - *Single template for the **two options***
 - *Applicants positively evaluated **for blended finance** will be asked for **additional information on their equity request***
 - ***New forms** are largely based on the existing ones and include **additional financial elements** in a separate annex*
 - *Companies will have to **upload the pitch deck** (pdf format - 10MB) that will be used if invited to the **interviews***

Accelerator Pilot (grant and blended) Novelties

- Evaluation
 - *By experts in technology, business and finance*
 - *Two steps:*
 - **Step 1 (remote evaluation)**, and only for proposals that pass all quality thresholds...
 - **Step 2 (face-to-face interview)**
 - *Three possible outcomes:*
 - **'Go' decision** triggers Commission conditional approval of an initial investment package (grant and equity component)
 - **'No Go' decision**
 - **'Change into blended finance' decision.**

Accelerator Pilot (grant and blended) Novelties

- Evaluation: **award criteria**
 - *Three award criteria:*
 - 33% 'impact'
 - 33% 'excellence'
 - 33% 'quality and efficiency of implementation'
 - *In addition, the **equity component** will be subjected to **due diligence** by the SPV.*
- **Time-to-inform:** 3 months
- **Time-to-grant**
 - *Grant-part: 6 months*
 - *Equity part: +3 months*

From grant to blended finance

Grant: Early-stage innovation for development

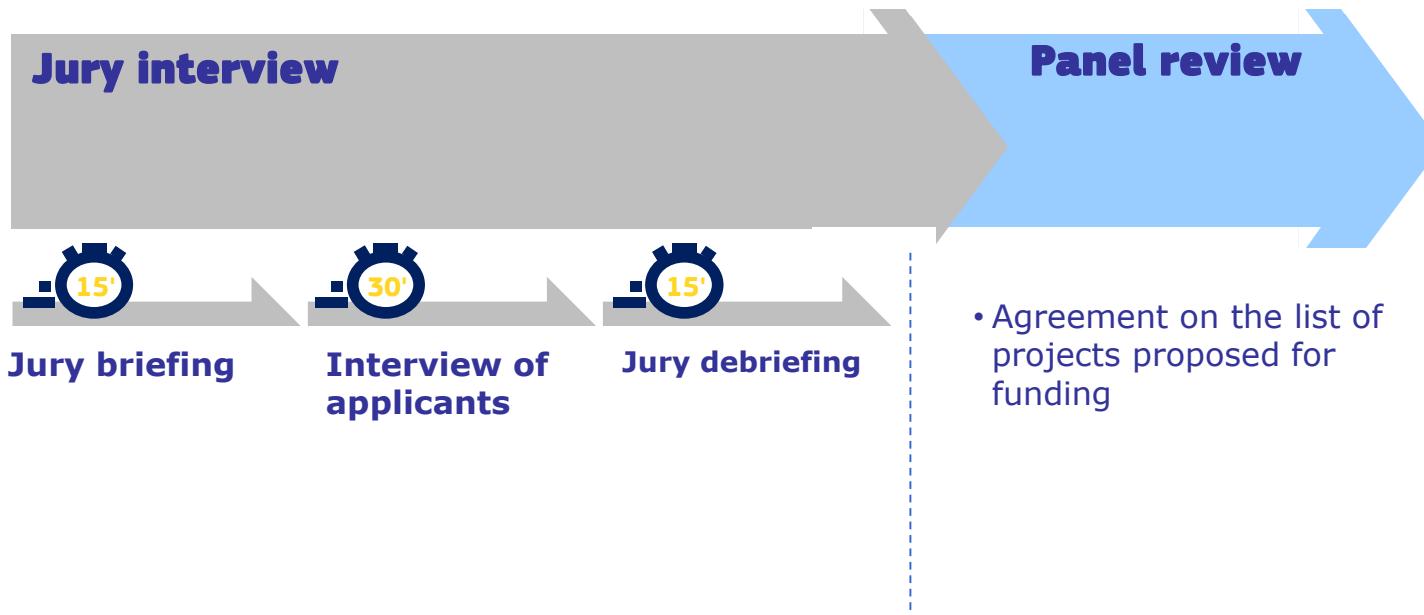
Equity: Mature innovation ready for scale-up

- Grant-only options:
 - **Without consent** to the Commission to change into blended
 - If the proposal includes mature innovation activities, it will be rejected
 - **With consent** to the Commission to change into blended
 - If the proposal includes mature innovation activities, it will be changed into blended finance
 - **flexibility option to obtain equity** even if not requested at the moment of submission

Evaluation

The interview

- All interviews take place in Brussels
- During one week about a month after each cut-off date
- A maximum of three company representatives per proposal
- Representation by third parties is forbidden
- Presence of senior company officers is recommended



*subject to change

Accelerator Pilot (blended finance)

The Special Purpose Vehicle

Role of SPV (under discussion)

- Investment strategy
- Due diligence
- Co-investments
- Follow-on investments
- Investment management
- Exit strategy

FTI

Fast Track to Innovation

- Fast go-to-market of an industry-driven, innovative concept to grow and scale-up.
- Co-creation and open innovation.
- **Grant-only**
- **Bottom-up**
- **Consortia of 3-5** — mandatory industry involvement
- Up to **€3 million**
- **36 months**

Accelerator Next cut-offs

- Accelerator **grant-only**
 - *5 June 2019*
- Accelerator **blended finance and grant only**
 - *09 October 2019*
 - *08 January 2020*
 - *18 March 2020*
 - *19 May 2020*
 - *07 October 2020*
- FTI ***Fast Track to Innovation***
 - *23 May 2019*
 - *22 October 2019*
 - *19 February 2020*
 - *09 June 2020*
 - *27 October 2020*

EIC Pilot Business Acceleration Services

- For SMEs **EIC clients** (Pathfinder and Accelerator)
- **Coaching**: up to 12 days available
- **Mentoring** for individual founders, CEOs and leaders
- EIC **Community** Platform
- EIC **Events, such as Corporate Days**

EIC Horizon Prizes Principles

- The EIC Horizon Prizes are monetary rewards offered to whoever can most effectively meet a defined societal or technological challenge.
- The prizes are open to anyone. They set an ambitious goal, without saying how that goal should be achieved or who should achieve it.

Full EIC under Horizon Europe (2021-27)

- ✓ Proposed budget of €10 billion
- ✓ Dedicated governance with EIC President and Advisory board
- ✓ More flexible rules for funding (ability to stop or reorient, links to Invest EU) with increased role for expert programme managers
- ✓ Full accelerator funding with both grant and blended finance
- ✓ Full pathfinder scheme for grants in advanced research and transition activities
- ✓ Fast track access for Horizon grant holders (incl. European Research Council) and certified national schemes
- ✓ Creation of EIC Forum with Member States innovation agencies





Find out more

ec.europa.eu/research/eic

 #EU_EIC

"[The EIC alone will not create global champions. What it will do is create a European Champions' League]"

Research and
Innovation

